

CLEVELAND PUBLIC LIBRARY  
BUSINESS INF. BUR.  
CORPORATION FILE

# ANNUAL REPORT TO STOCKHOLDERS



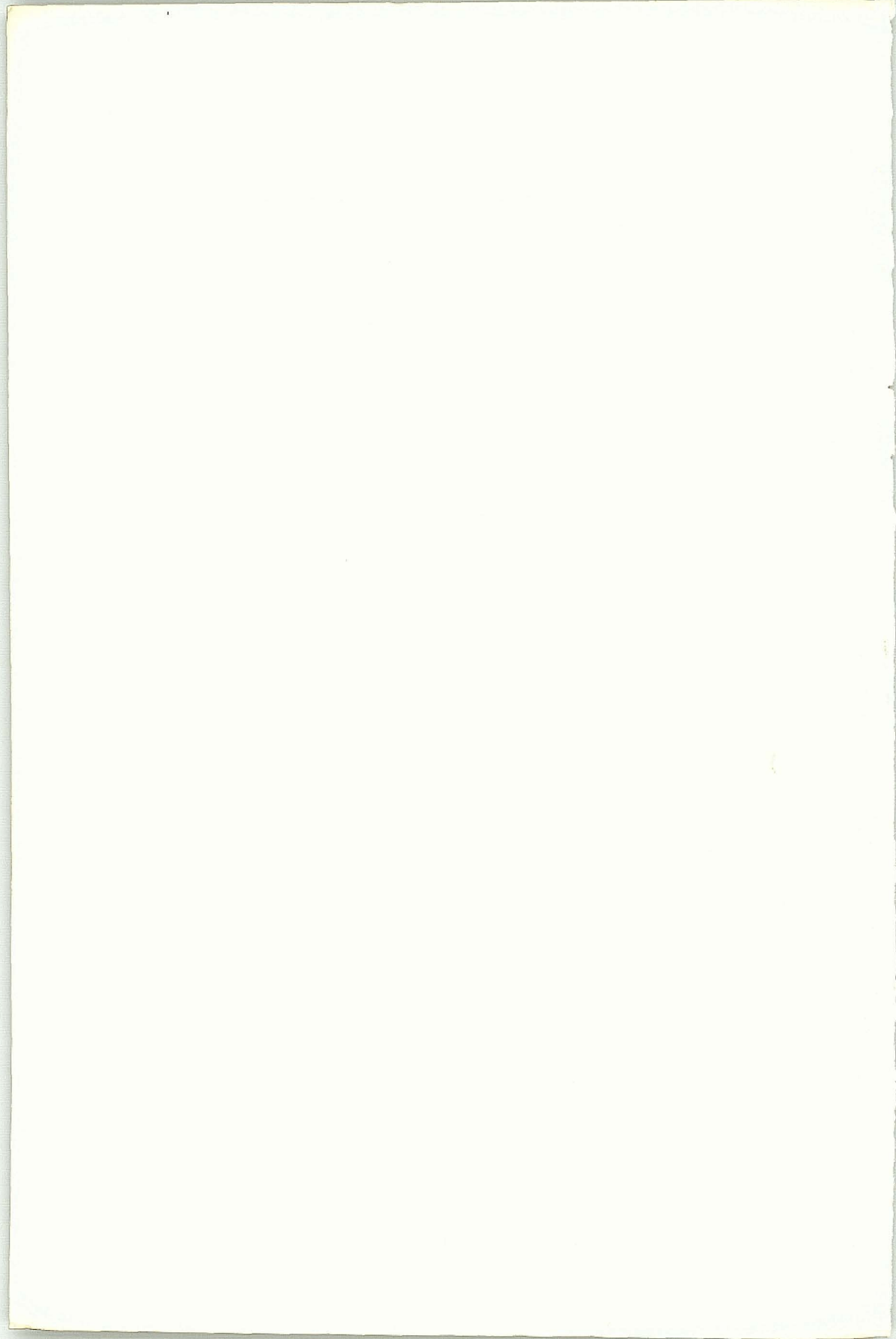
1956

THE COCA-COLA COMPANY  
NEW YORK, NEW YORK

BOARDS

834.18

C642<sub>I</sub>



# annual report

THE COCA-COLA COMPANY

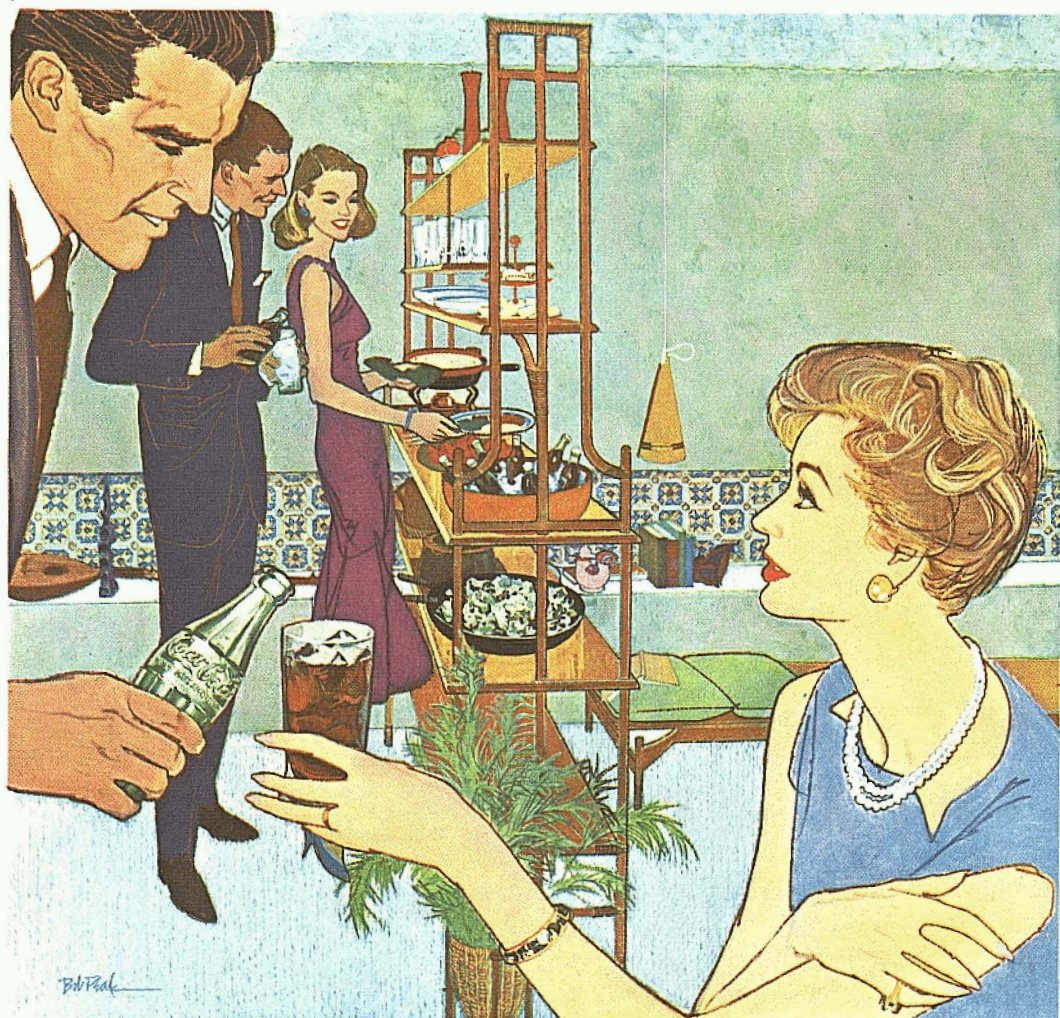
AND ITS SUBSIDIARIES

1956



Entrance Atlanta office and syrup plant.





COPYRIGHT 1957 THE COCA-COLA COMPANY.

You put a lift in living . . .  
when you live with good taste . . . and Coca-Cola fits  
right in . . . with the very special taste of the best-loved sparkling drink in all the world.



**SIGN OF GOOD TASTE**

One of a series of 24 advertisements that will run during 1957 in *This Week*, *American Weekly* and 25 independent Sunday Magazines, and which will emphasize the appropriateness with which Coke fits "tastefully" into so many home activities. Together with the *Life-Post* series, this magazine campaign will provide 827, 017, 000 individual advertisements stressing such inimitable characteristics of Coca-Cola as Taste, Refreshment, Universality, Social Acceptance.



# THE COCA-COLA COMPANY

## BOARD OF DIRECTORS

H. B. NICHOLSON, *Chairman*

A. A. ACKLIN	J. P. ILLGES	HUGHES SPALDING
CHAS. H. CANDLER	HARRISON JONES	E. W. STETSON
R. R. DEUPREE	JOHN T. LUPTON	D. A. TURNER
A. B. FREEMAN	WINSHIP NUNNALLY	GEORGE W. WOODRUFF
BERNARD F. GIMBEL	WILLIAM E. ROBINSON	R. W. WOODRUFF
LINDSEY HOPKINS		

## OFFICERS

William E. Robinson	President
Curtis H. Gager	Executive Vice President
Charles W. Adams	Vice President
Joseph M. Collins	Vice President
Felix W. Coste	Vice President
Lewis M. Dugger	Vice President
Edgar J. Forio	Vice President
C. W. Hodgson	Vice President
O. E. May	Vice President
B. H. Oehlert, Jr.	Vice President
Harold S. Sharp	Vice President
E. D. Sledge	Vice President
John C. Staton	Vice President
John D. Goodloe	Secretary
Edmund W. Pugh, Jr.	Treasurer

## TRANSFER AGENTS

WILMINGTON TRUST COMPANY  
*Wilmington, Delaware*

GUARANTY TRUST COMPANY OF NEW YORK  
*New York, New York*

TRUST COMPANY OF GEORGIA  
*Atlanta, Georgia*

## REGISTRARS

EQUITABLE SECURITY TRUST COMPANY  
*Wilmington, Delaware*

THE CHASE MANHATTAN BANK  
*New York, New York*

THE FIRST NATIONAL BANK OF ATLANTA  
*Atlanta, Georgia*

March 4, 1957

TO THE STOCKHOLDERS OF THE COCA-COLA COMPANY:

Net profit for 1956 was \$29,196,584 or \$6.87 per share after taxes and all other charges. These earnings include a 34¢-a-share tax settlement applicable to several prior years. Net profit for 1955 was \$27,484,483 or \$6.44 per share. Dividends of \$5 per share were paid on the common stock during 1956.

REPORT  
FROM THE  
PRESIDENT

Total gallon sales in 1956 reached their highest level in the 71-year history of the company. All-time high sales figures were realized in each of our major sources of business—U. S. gallonage for Bottlers, Fountain gallonage and Foreign sales. These sales figures are especially significant in view of the fact that summer temperatures in many parts of the Northern Hemisphere were substantially lower than they have been for many years.

Our new King and Family-size bottles, as well as the new Pre-Mix method of distributing Coca-Cola, contributed substantially to good sales figures in areas where these new sales facilities were employed.

At the present time, 850 of our 1,100 U. S. Bottlers are either marketing or plan soon to market either or both the King and Family-size bottles in their territories.

The medium-size King and large Family-size bottles of Coca-Cola are sold primarily, although not exclusively, for home consumption. The home market for Coca-Cola in the United States has expanded greatly in the last few years as the result of the adaptation of our sales and marketing strategy to the shorter work week, greater home ownership, the popularity of television, and larger families.

In recent years there have been more group activities in the home than ever before. The home has become a central point of entertainment for family members and their friends. While the Regular-size Coca-Cola bottle retains its world-wide popularity for individual servings, the King-size is more desirable for those with king-size thirsts or for serving two people. The still larger Family-size is growing in popularity for larger groups. No one of these packages is intended as a substitute for either of the other sizes. It is a matter of the right bottle for the right occasion, and many Coca-Cola consumers have all three packages on hand in their homes at the same time. These larger sizes also serve to meet the growing demand for Coke with food—full-scale meals as well as snacks.

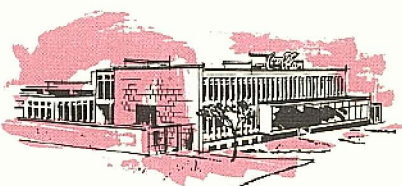


One of the independently owned bottling plants of the United States from which 1,600,000 retail dealers secure their Coca-Cola.



One or both of these new packages are now being marketed in a large and growing number of areas outside the United States, with marked success.

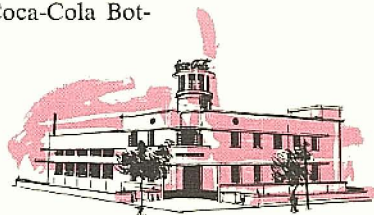
While the new size bottles are primarily intended for use in the home, the Pre-Mix method of vending Coca-Cola is a sales and distribution facility for the on-premise consumption market. The beverage Coca-Cola marketed in coin-vending and manually-operated Pre-Mix machines is prepared by Coca-Cola Bottlers in their plants under the same quality control conditions required for the preparation of Coca-Cola in bottles.



Milan, Italy

Under the Pre-Mix system, the beverage is packed in 100-drink stainless steel tanks which are placed in Pre-Mix dispensers under pressure of carbonated gas, for ultimate serving in paper cups. Over 500 of our U. S. Bottlers are now marketing Pre-Mix in their territories.

The portion of our domestic business handled by Coca-Cola Bottlers, including that falling under their Pre-Mix contracts, constitutes about four-fifths of our U. S. business. The balance is accounted for by over 2,000 wholesalers who sell Coca-Cola fountain syrup to drug stores and to other outlets that market fountain Coca-Cola in glasses and paper cups. The number of dealers marketing Coca-Cola in this way increases each year and again in 1956 reached an all-time high. The number of dispensers sold to these dealers also reached record levels.

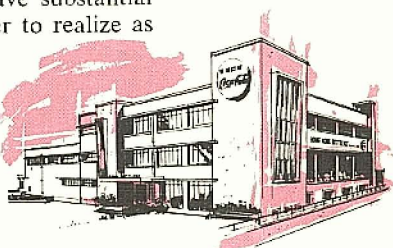


Kanpur, India

In recent years there has been a demand for larger servings of Coca-Cola at the soda fountain, so that king-size glasses and larger paper cups are used, in addition to the regular size, in many markets.

An expansion of our personnel and promotion activities in the Fountain Sales Department during 1956 contributed substantially to the sales record previously noted.

In this and other divisions of our business, we have substantial opportunities for long and continued growth. In order to realize as much of our potential as possible in 1957, we are embarking on an extensive national program of full-page weekly color advertising in a large number of the magazine sections of Sunday newspapers. The impact of this program should be effective in all local markets involved. We also are continuing and expanding the scope of our cooperative marketing and advertising program on a local basis with our Bottlers. Our over-all advertising plan calls for reaching a larger portion of the population than ever before in our history. Even though the initial consumer acceptance of our new size bottles has been gratifying, a continuing large volume of advertising is necessary to make all potential customers fully aware



Hong Kong



of these innovations. These plans will also enable us more aggressively and actively to cultivate other segments of our market.

Early in 1956 we completed the reorganization of our sales departments to provide for more flexible and intensive merchandising and marketing assistance to Coca-Cola Bottlers. The results achieved in a number of local markets have been highly encouraging. We are currently expanding the scope and intensity of these activities.

The Coca-Cola enterprise, both here and abroad, is fortunate in having such an efficient sales and distribution system based largely on independent Bottlers. Nearly all Bottlers of Coca-Cola throughout the world are independent, substantial businessmen in their own communities. They own their own businesses in which they have invested many hundreds of millions of dollars. They participate prominently in civic enterprises and are among the most useful and substantial citizens in their local communities.

The cooperation and the coordination which exists between the Company and its independent Bottlers is unique in the field of distribution. Through constant contact between our field forces and the Bottlers, we synchronize our efforts in an effective and profitable way. Regular group meetings between Bottlers and Company personnel keep our lines of communication and exchange of experiences up-to-the-minute. This close collaboration keeps management and operating personnel alert to shifting market patterns in these changing times.

So far as our trade relations are concerned, we are fortunate in having the goodwill of more than two million Coca-Cola dealers who serve the ultimate consumer. The dealers who market Coca-Cola in bottles and in Pre-Mix machines have enjoyed a friendly and profitable relationship with our Bottlers throughout the years. To them, Coca-Cola is a unique product—a prime traffic builder, a substantial profit-maker, and a quick turn-over item, with universal and strong consumer demand. Dealers who operate fountain outlets also find these characteristics of Coca-Cola equally applicable to their businesses.

This dealer goodwill is one of the more substantial assets of the Coca-Cola enterprise.

The Coca-Cola bottling plants, illustrated below and on the preceding page,



Manila, Philippine Islands



Guatemala City, Guatemala



As previously noted, our operations outside the United States made substantial volume gains during 1956, reaching an all-time high in sales. Hundreds of millions of people in over a hundred foreign lands know Coca-Cola, like it, and want more of it. There are now 594 Coca-Cola bottling plants operating in territories outside the United States and new ones are being added each year to meet ever increasing needs for supplying the product. Of the twenty-five Bottlers throughout the world with the largest sales volume, seven are now located outside the United States, in such widely separated countries as Uruguay, Belgium, Canada, Argentina, Mexico, the Philippines and Cuba.

Coca-Cola is now available in sizes and packages to match the thirst and convenience of those consumers who enjoy it 58,000,000 times a day; in four bottle sizes; in the glass; and in the paper cup.



Wherever Coca-Cola is present, in any land or any climate, it is a sign of good taste. The special enjoyment and pleasure which one realizes from the unique taste of Coca-Cola is always our chief product distinction. At the same time, the special status of Coca-Cola as a social amenity of distinctive prestige is recognized by hosts and guests everywhere. "So good in taste . . . in such good taste," Coca-Cola is liked for itself, as well as for its significance. It is always A SIGN OF GOOD TASTE.

These words, "Sign of Good Taste," are beginning to appear as a companion piece to "The Pause That Refreshes" in all Coca-Cola advertising throughout the world. This pleasant, meaningful phrase will add new distinction and significance to Coca-Cola advertising. We believe it is in character with the Coca-Cola advertising tradition.

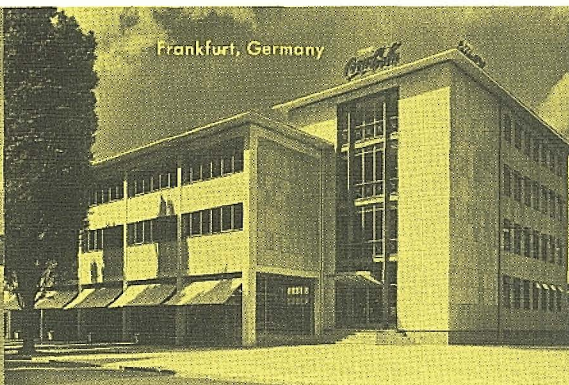
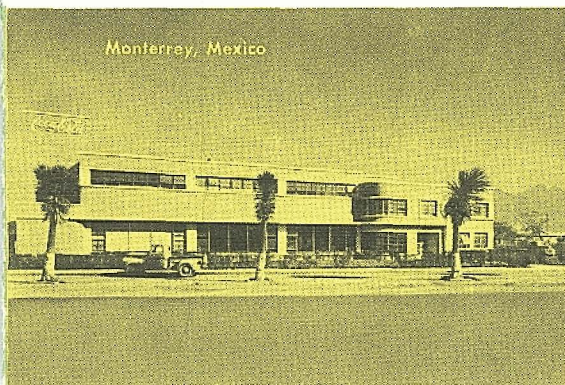
We look forward to the year ahead in our business with confidence in our expanding opportunities and the capacities of our organization to develop them profitably.

For the Board of Directors,

WILLIAM E. ROBINSON,  
*President*

H. B. NICHOLSON,  
*Chairman, Board of Directors*

are a few of the 594 serving markets outside of the United States.



# CONSOLIDATED BALANCE SHEET / THE COCA-COLA COMPANY

## DECEMBER 31, 1956

### ASSETS

#### CURRENT:

Cash . . . . . \$ 25,389,608

U. S. Government securities—at cost:  
(market price \$53,847,088) . . . . . 53,801,139

Trade accounts receivable  
(less allowance of \$158,188) . . . . . 17,533,118

Inventories  
(at lower of average cost or market) . . . . . 30,773,640

TOTAL CURRENT ASSETS . . . . . \$127,497,505

MISCELLANEOUS RECEIVABLES AND INVESTMENTS . . . . . 9,418,295

#### PROPERTY, PLANT AND EQUIPMENT:

##### At cost:

Land . . . . . \$ 5,324,134

Buildings . . . . . 41,526,495

Machinery and equipment . . . . . 64,613,012

Containers . . . . . 15,967,202

\$127,430,843

Less allowance for depreciation . . . . . 54,244,361 73,186,482

FORMULAE, TRADE-MARK AND GOODWILL—at cost . . . . . 40,124,563

DEFERRED CHARGES . . . . . 4,211,993

\$254,438,838

Notes to Financial Statements



# A COMPANY AND ITS CONSOLIDATED SUBSIDIARIES

## LIABILITIES

### CURRENT:

Accounts payable and accrued accounts . . . . .	\$ 19,699,113	
Notes payable by subsidiaries . . . . .		1,056,216
Accrued taxes—including taxes on income . . . . .	\$ 29,359,845	
Less U. S. Government securities for payment of income taxes . . . . .	<u>19,766,565</u>	<u>9,593,280</u>
TOTAL CURRENT LIABILITIES . . . . .	\$ 30,348,609	

### RESERVES:

For unremitted foreign profits . . . . .	\$ 30,726,376	
For employees' retirement plan . . . . .	<u>389,490</u>	31,115,866

MINORITY INTERESTS IN SUBSIDIARIES . . . . .		372,753
--	--	---------

### CAPITAL STOCK AND SURPLUS:

#### Common Stock—no par value:

Authorized . . . 5,000,000 shares	
Issued . . . 4,280,805 shares	\$ 26,755,031
Capital surplus . . . . .	1,825,112
Earned surplus . . . . .	<u>168,969,800</u>
	\$197,549,943

Less 45,527 shares of stock owned by Company—at cost . . . . .	<u>4,948,333</u>	<u>192,601,610</u>
		<u>\$254,438,838</u>

nents appear on page 11



**THE COCA-COLA COMPANY and its  
CONSOLIDATED SUBSIDIARIES**

**Year Ended  
December 31, 1956**

**CONSOLIDATED PROFIT AND LOSS STATEMENT**

GROSS PROFIT . . . . .		\$153,614,594
Selling, administrative and general expenses . . . . .	94,926,044	
OPERATING PROFIT . . . . .	\$ 58,688,550	
Other income . . . . .	\$4,723,215	
Less other deductions . . . . .	2,554,181	2,169,034
PROFIT BEFORE TAXES ON INCOME . . . . .	\$ 60,857,584	
Provision for taxes on income . . . . .	31,661,000	
NET PROFIT . . . . .	\$ 29,196,584	

**CONSOLIDATED EARNED SURPLUS STATEMENT**

Balance—December 31, 1955. . . . .	\$161,023,406
Net profit for the year 1956 . . . . .	29,196,584
	<u>\$190,219,990</u>

**DEDUCTIONS**

**Dividends paid in cash:**

Mar. 30, 1956—\$1.00 per share . . .	\$4,280,805
June 29, 1956—\$1.00 per share . . .	4,280,805
Sept. 28, 1956—\$1.00 per share . . .	4,280,805
Dec. 14, 1956—\$1.00 per share plus \$1.00 per share additional . . .	8,561,610
	<u>\$21,404,025</u>

**Less dividends on shares**

owned by Company during year . . .	153,835	21,250,190
------------------------------------	---------	------------

EARNED SURPLUS—DECEMBER 31, 1956 . . .	\$168,969,800
--	---------------

Notes to Financial Statements appear on page 11



## NOTES TO FINANCIAL STATEMENTS

### CONSOLIDATED BALANCE SHEET:

1. *Foreign Operations.* The accounts of subsidiaries and branches operating in foreign countries, consolidated in this balance sheet, consist of: current assets, \$33,869,387 (including cash and government securities aggregating \$18,369,507); property, plant and equipment at depreciated cost, \$27,227,367; other assets, \$3,999,562; and liabilities, \$16,418,451. Fixed assets are stated at rates of exchange prevailing at dates of acquisition and all other assets and liabilities at approximate rates of exchange prevailing at December 31, 1956. Unremitted profits of such subsidiaries and branches, consolidated herein, are included as follows: \$30,726,376 in the reserve for unremitted foreign profits and \$7,593,826 in earned surplus.

2. *Capital Stock.* The Company in 1955 reserved 225,000 shares of either or both treasury and authorized but unissued common stock for sale under employees' stock options, to certain officers and employees of the Company and its subsidiaries at market prices on the option granting dates. Options for up to ten years each have been granted at prices varying from \$117.25 to \$137.25 per share. At December 31, 1955, options for 143,933 shares were outstanding. During the year 1956, options for 2,355 shares were cancelled as a result of retirement, death or resignation; no options were granted or exercised. At December 31, 1956, options for 141,578 shares were outstanding, of which 28,054 shares represented the exercisable portion of options. The number of shares reserved for ungranted options at the beginning and end of 1956 was 81,067 and 83,422 respectively.

### CONSOLIDATED PROFIT AND LOSS STATEMENT:

3. *Depreciation.* Provision for depreciation in the amount of \$7,480,450 was charged to manufacturing and other expenses.

4. *Other Income.* Includes \$1,563,734 representing adjustment of certain property and accumulated depreciation accounts (after provision for related additional taxes on income) resulting from settlement of federal income taxes for prior years.

5. *Other Deductions.* Includes addition to reserve for unremitted foreign profits \$1,911,356; and addition to reserve for employees' retirement plan \$9,310, against which reserve has been charged \$175,313, the amount funded during the year.

6. *Foreign Profits Remitted.* Dividends from companies operating in foreign countries, the current profits of which are not reserved for, were \$1,454,635 less than the profits of such companies consolidated herein.



## ACCOUNTANTS' REPORT

TO THE BOARD OF DIRECTORS  
THE COCA-COLA COMPANY  
NEW YORK, NEW YORK

We have examined the consolidated financial statements of THE COCA-COLA COMPANY and its consolidated subsidiaries as of December 31, 1956. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the accompanying balance sheet and statements of profit and loss and earned surplus present fairly the consolidated position of THE COCA-COLA COMPANY and its subsidiaries at December 31, 1956, and the consolidated results of their operations for the year then ended, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

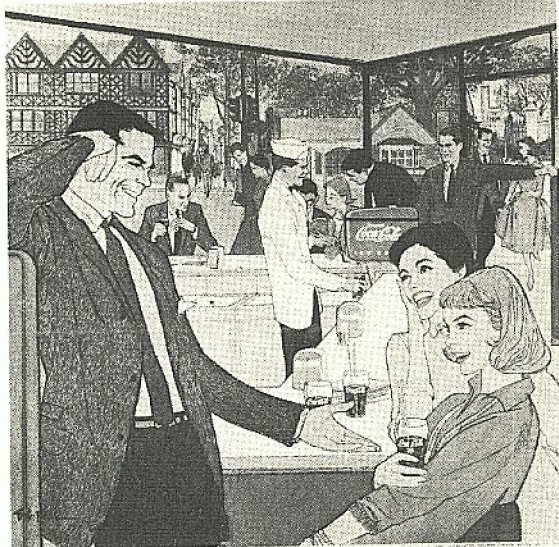
ERNST & ERNST  
*Certified Public Accountants*

March 4, 1957



## ADVERTISING and DISTRIBUTION

An advertisement illustrating a situation in the 150,000 outlets in the United States where Coca-Cola is dispensed in the glass and paper cup.



Can you imagine a soda fountain without Coca-Cola—or an American street without the friendly invitation of this world-famous sign of good taste?

SIGN OF GOOD TASTE



One of the 2,350,000 retail dealers who are served by 1,100 Domestic bottlers and 594 Export bottlers in over 100 countries.







© Coca-Cola

## *Ella nutre sus mentes hambrientas*

Una buena maestra tiene paciencia, un sentido del humor y el deseo de guiar a la niñez hacia una vida provechosa.

Sólo una maestra comprende la emoción de observar cómo sus alumnos van captando lo que ella les enseña, el orgullo

de ver graduar a su clase. La alegría de ser maestra es intensa y noble, y acaso este tipo de carrera, más que ninguna otra, brinde a usted exactamente aquellas grandes satisfacciones que está buscando en la vida.

*Este mensaje lo dedica a usted el Embotellador de Coca-Cola en su comunidad, como un homenaje a los maestros . . . y con la esperanza de que acaso inspire a otros a escoger esta carrera.*



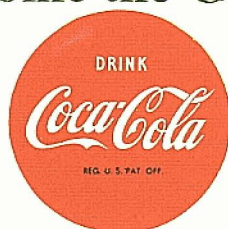
**COCA-COLA SE EMBOTELLA EN MAS DE 80 PAISES POR EMBOTELLADORES INDEPENDIENTES.**

An example of a series of public service advertisements which began in 1956 and will continue through 1957 for 13 insertions in LIFE EN ESPAÑOL and for 12 insertions in SELECCIONES DEL READER'S DIGEST. During 1957 18,732,000 copies of these advertisements will salute in a warm and cordial way the doctors, scientists, teachers, engineers and other professional people of all nations, and encourage young men and women to enter these important professions. They build for the local bottler a friendly climate in which his business may be the more easily and profitably cultivated. The headline says: "She Nourishes Their Hungry Minds", and the body copy reads in part as follows: "This message is addressed to you by the Coca-Cola Bottler in your community as a tribute to all those men and women generously dedicated to teaching . . . and with the hope that it might inspire young people to choose a happy career in this field".

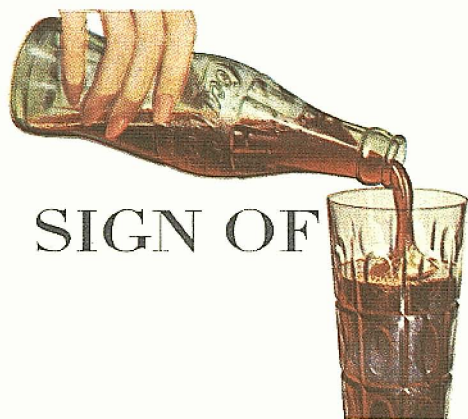




All I did was  
bring home the Coke



This poster appeared on 7,759 billboards in 2,801 cities, towns and hamlets of the United States during January of 1957 and was rated the best poster displayed anywhere during the month.



SIGN OF GOOD TASTE



A poster scheduled for May 1957. It effectively dramatizes the new Coca-Cola advertising theme: "Coke . . . so good, in such good taste."



Under the sun of the Caribbees, talented Jack Potter pictures a cheerful pause for Coca-Cola.



WHEREVER YOU CRUISE THE CARIBBEAN . . . when the moment comes for Coca-Cola, here, too, you find it ready for you. In more than 100 countries of the world today, the good taste that distinguishes Coca-Cola makes its enjoyment a happy social custom. Have a Coke, best-loved sparkling drink in all the world.

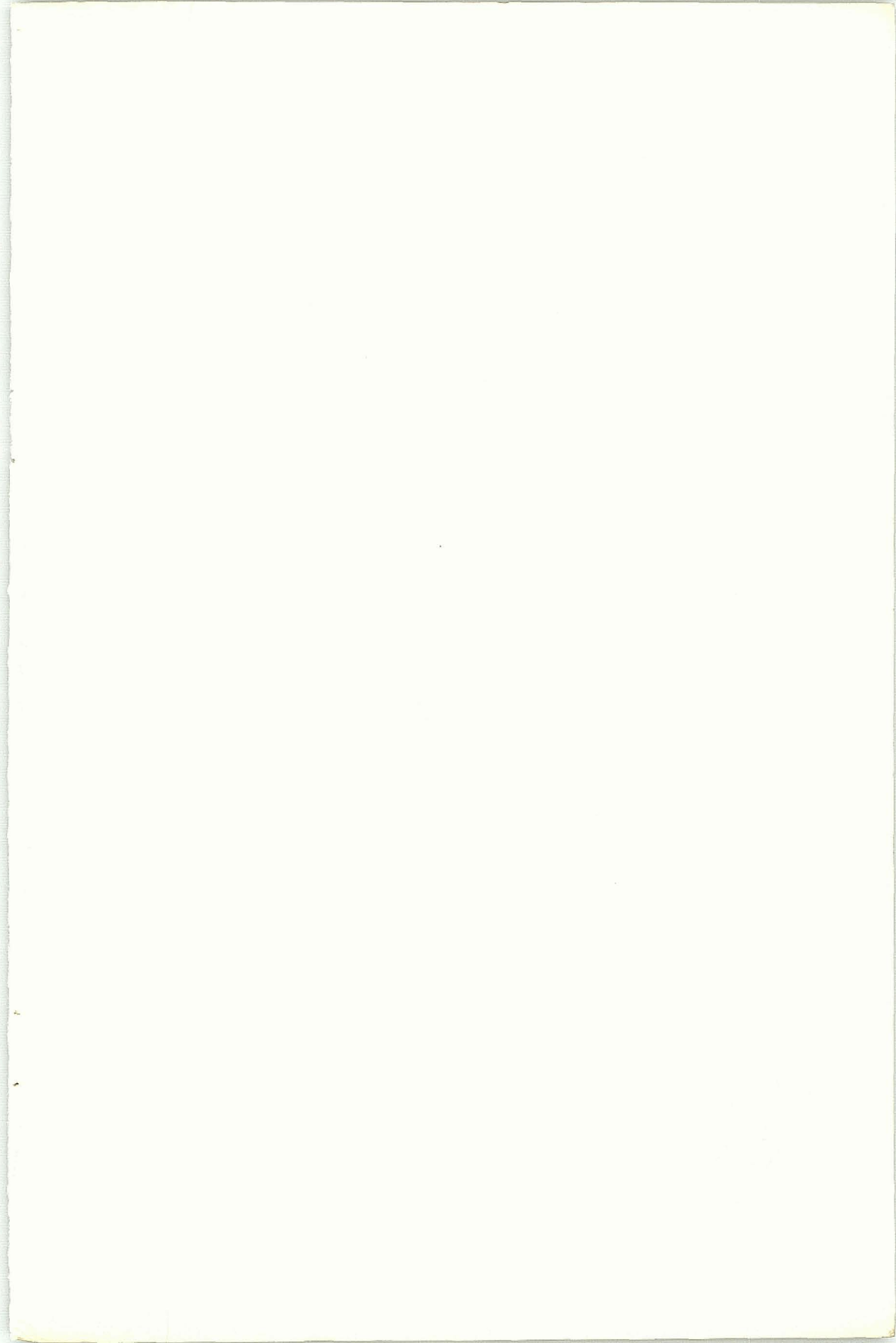


## SIGN OF GOOD TASTE

"SIGN" IS A REGISTERED TRADEMARK. COPYRIGHT 1957 THE COCA-COLA COMPANY.

One of a series of advertisements which will run 13 times during 1957 in both Life and The Saturday Evening Post, stressing the universality of the custom of serving Coca-Cola as a sign of good taste throughout the world.





203-100  
10.186  
- 2000